

PRESIDENT: Senator Dworak.

SENATOR DWORAK: Mr. President, colleagues, I would be more comfortable if I had had a chance to look at these amendments. I guess my biggest question is the overhead money that is being put into operations. I don't know what overhead money is if Senator Warner would yield, I would like to ask him what it is. It is \$900,000, or the limits, or the lids are \$900,000. Does that mean that we are going to increase our operations by \$900,000 in this area? I have two questions. That question Senator Warner and exactly what is overhead money?

SENATOR WARNER: Senator Dworak, the overhead money, most of these federal grants contain a provision for approximately, usually 15% of the funds can be used for operating funds within an agency is an assumed percentage that roughly out of a grant that there are certain costs incurred by the agency or by the department and they are permitted to use up to that percentage to meet some of those normal operating costs such as the fact that the facilities are there for heat and secretarial help and whatever. The practice has been in the past to reduce the general fund appropriations by the amount that dollar amount that was contained in a particular grant for overhead costs. It has been the feeling of some that this in fact has discouraged departments from seeking some of these grants and the real effect of it and the long range effect at least is to keep adding to general fund request for operations because there is no incentive particularly for a department to seek these grants. In checking with a number of other universities, Kansas State for example has a similar type of policy where the agency, or the department rather than seeks the grant, receives the grant can use what is called overhead money for some of the other additional needs that they have within the agency, with the clear understanding that we will not pick up those funds as...should they lapse with general fund money. So, that in essence is the purpose of this amendment is to encourage them to go out and seek additional funds, Nebraska percentage wise compared to most of the other big eight schools receive much less in some of these kinds of grants and it is felt that one of the reasons is that we are less aggressive in seeking them, that is the departments are less aggressive in seeking them because there is no particular gain for them in some respects.

SENATOR DWORAK: If I could restate that then so that I am sure that I understand it, that if we receive a federal grant of a million dollars or the university did, this would allow them to spend 15% or \$150,000 of that million for operations, is that correct?

SENATOR WARNER: Yes, that would generally be the case, but within that department could be up to that amount probably.

SENATOR DWORAK: This \$900,000 lid then, and I see that it is a lid, that is not general fund money then? That is not state money in any way?

SENATOR WARNER: Nope, it is \$500,000 UNL and \$200,000 for UNO and that is the limit that we were suggesting of grants that they could go out and seek. That is the total grant not just the.....